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More Firms Overhaul Office Methods to Cut Costs and Speed Work

Monsanto Finds Rocks in Its Records; General Electric Kills Its "Bootleg" Forms

The Cost of Filling a File

By RAY VICKER

Staff Reporter of THE WALL STREET JOURNAL

CHICAGO—Paper shufflers are getting a fast shuffle from the nation's office managers.

Spurred by manpower shortages, management demands for faster information and by sheer desperation, office planners are overhauling more and more paper-making, time-consuming routine office procedures.

Their goal: To scissor through unnecessary paper work and thus snip company costs. New methods and machines already have produced some significant savings.

Bring on the Brains

"During the next three years U. S. business will spend a minimum of \$1 billion in automation to modernize office procedures," estimates Walter W. Finke, president of Data-matic Corp. of Brookline, Mass. He figures this \$1 billion represents about 50% of the market for large scale electronic data processing systems.

"But automation is only a partial answer to the problem of mounting paper work costs," says an American Management Association official in New York. When A.M.A. recently made a survey of 138 companies, two thirds of the firms reported that methods improvement, rather than mechanization, was the most successful step their companies had taken to reduce clerical costs.

Forms are revised to make one do the work of two, three, four or more. Sometimes, through duplication, one master form may do the work of dozens. "Birth control" is initiated to prevent bootleg forms from being fathered by well-intentioned but paper-happy employees. Filing systems are remodeled to eliminate needless paper and other superfluous items. One company checked its files and found it could discard eight million pieces of paper. Another poked through its files and discovered a cremated body (in an urn) that had been out there during the Civil War.

Eliminating Repetition

Age limits are set on filed material, allowing systematic control of records accumulation. Work flow through offices is simplified to eliminate repetitious movement. Centralized record keeping may eliminate branch functions.

Sometimes methods improvements come as a result of an analysis made to determine if automation equipment or computers are feasible.

"The department operates much as industrial engineers work in a factory, studying and planning for mechanization as a means of simplifying operations, making operations more efficient, improving the work-flow and in general reducing costs while solving our complex problems more effectively," says Kelly Y. Siddall, administrative vice president for P. & G.

"Many companies are spending sums ranging from \$200,000 to \$750,000 solely to study the feasibility of using giant electronic brains," says Datamatic's Finke.

Computer May Not Be Needed

"This analysis in itself is more valuable than the computer; often it will show that no computer is needed," says Dr. Samuel N. Alexander, chief of the Data Processing Systems Division of the National Bureau of Standards. With the data, firms see ways of speeding work flow or of eliminating unnecessary operations merely through changing the system.

"It is almost universal to find that the greatest saving is in the improvement of the procedures rather than in the benefits that the machine brings," says Arthur H. Gager, staff director, Technical division, National Office Management Association, Philadelphia.

"Manufacturing has become increasingly efficient and less costly, but the office, in contrast, has become less efficient and increasingly costly," says Leon C. Guest, Jr., controller, Sylvania Electric Products, New York. "The number of clerks employed for every 100 manufacturing employees has increased from 11 fifteen years ago to 18 or more today."

Sylvania recently established a new centralized electronic data processing center at Camillus, N. Y. Eventually, all record keeping related to the engineering, manufacturing, distribution and administration of the company will be maintained at this center. By mid-1957 all payroll functions are to be operating at the new facility. Customer order entry systems now are being installed at field and warehouse locations for forwarding data to the center. Other paper work operations are due to be tied into the centralized system over the next five years.

Linking 86 Locations

Currently, over 20,000 miles of circuits tie together 86 company locations in 25 states.

The Kemper Insurance Group, headquartered in Chicago, now is using a centralized system of auto insurance policy renewals whereby automated devices will turn out policies automatically from information collected when the original policy was written.

Household Finance Corp. of Chicago now is putting finishing touches on a system of centralized letter mailing whereby many letters of its branch offices are addressed through the central office. This makes possible mass handling of routine letters which previously had been addressed manually by branch office typists.

To analyze an operation, the office manager must know whether or not present workers are performing operations up to par. This means developing standards against which workers where paper work is concerned.

Much More Difficult

"Measuring the production of an operation

The National Records Management Council headquartered in New York, reports that costs \$1.50 to produce the average letter to the approximate cost of creating, handling and filing the contents of a four drawer file cabinet is \$6,200. The cost of maintaining one cubic foot of records in the average office, excluding personnel costs, is \$7.50 per year, the council estimates.

"One hundred billion dollars is being spent yearly in America to create records," says Robert A. Shiff, president of N.R.M.C. He guesses that a good portion of this spending could be saved through scientific records management. Evidence from companies which have improved operations through analysis of records underpins this contention.

Scott Paper Co. of Chester, Pa., eliminating 4,108 cubic feet of records or about 8 million pieces of paper in its files after an analysis of its filing system. This investigation showed that 44% of the paper in its files was kept needlessly.

Another 50% of records were transferred from expensive office space to low cost storage with only 10% of records, or 5,000 cubic feet remaining in an active status in the office. One entire records storage building, with rental of \$12,000 annually, was freed for other use, as was \$11,800 of filing equipment.

"In making file analyses we've found everything in files from Coke bottles to coffee urns and nylon stockings," says Mr. Shiff, N.R.M.C.

The cremated body was found buried in an urn in the files of a New York trust company. Nobody knows how long the urn had been there, but evidence indicated it may have been "interred" during the Civil War era with facts of an unsettled estate. Subsequently was forgotten.

An analysis of records at Campbell & Co. of Camden, N. J., showed that 44% of records in files could be destroyed, with 34% moved to a records storage center and 22% left in the active file in the office. A similar analysis at Richfield Oil Co. of Los Angeles showed 38% of records could be destroyed, moved to low cost storage, with only 1% considered necessary for active files.

In file modernization programs companies usually establish set filing limits for various pieces of paper. Ordinary letters and messages may be marked for storage of only two months in files. Sales and earnings data may be marked for the number of years required by state or Federal law. The approximate 3% of records which fall into the "historical" class may be shunted into permanent files.

Rocks in the Files

"A program especially planned to deal with records retention and disposal is essential cost reduction in the office," says James Flanagan, general office manager, Monsanto Chemical Co. When Monsanto analyzed its records, it found that it had \$2.8 million pieces of paper in office file cabinets alone plus equal amount in dead storage.

Included in material located in files were some rocks labeled: "Rocks thrown through office strike of 1857."

The company set up retention schedules for all its paper work, junking unnecessary records, saving in space, and released

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Bring on the Boring

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"But automation is only a partial answer to the problem of mounting paper work costs," says an American Management Association official in New York. When A.M.A. recently made a survey of 124 companies, two thirds of the firms reported that methods improvement, rather than mechanization, was the most successful step their companies had taken to reduce clerical costs.

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Eliminating Repetition

Age limits are set on filed material, allowing systematic control of records accumulation. Work flow through offices is simplified to eliminate repetitious movement. Centralized record keeping may eliminate branch functions.

Sometimes methods improvements come as a result of an analysis made to determine if automation equipment or computers are feasible in a company. Such studies may turn up ideas for paperwork cost cutting through revision of procedures. When companies subsequently introduce automation devices they thus may obtain a double bonus in work speeding, from the procedure revision and from the automation.

"Feasibility studies on large scale electronic data processing equipment have provided us with annual savings in excess of \$117,000 per year," says E. D. Arntsen, manager of office automation, Minneapolis-Honeywell Regulator Co., Minneapolis. Studies were made looking forward to installation of electronic data processing equipment in 1965. But, savings are being attained now.

In analyzing its operation, Minneapolis-Honeywell figured out a way to simplify the maintenance of raw material records, cutting \$1,000 a year from costs. Elimination of unnecessary data on production reports saved another \$25,000 annually. Conversion of production scheduling to punched card methods reduced costs by \$2,000 a year. Other paper work savings throughout the organization built up the total to the \$117,000 figure.

Advances Are Rapid

Surveys into the feasibility of automation usually are intensive since equipment sometimes may cost a company over \$1 million. But advances in the field are so rapid that, if an office manager makes a wrong guess, the equipment could be obsolete shortly after installation.

Procter & Gamble Co. of Cincinnati is installing a large scale electronic data processing system in its new factory headquarters building this spring. A study group to investigate that system was first set up in 1957.

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Linking 24 Locations

Currently, over 20,000 miles of circuits tie together 24 company locations in 25 states.

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To analyze an operation, the office manager must know whether or not present workers are performing operations up to par. This means developing standards against which workers may be measured, not always an easy task where paper work is concerned.

Much More Difficult

"Measuring the production of an operation involving computations for a company financial statement is much more difficult than calculating the production of a punch press operation," says William Brush of Atlantic Refining Co.'s industrial engineering division, Philadelphia.

Atlantic now has work standards set up for a broad range of jobs, from tabulating operators to payroll calculators and from stock records keepers to typists. Measurement may range from a simple count of the pieces of paper handled by a clerk to a more complex measurement based on a time study.

"Atlantic is realizing cost reduction substantially in excess of each dollar put into the development, operation and maintenance of the work measurement program," says Howard M. Assough, industrial engineer.

Interest being displayed in paper work preening is being stimulated by the growth of business. An unprecedented amount of invoicing, recording, accounting, communication, filing and such are the natural results of record production and sales by industry. Records must be kept or handled for company functions, for tax collectors, and for various state, local and Federal agencies.

One Eighth of Work Force

"To keep up with this need, 8 million men and women—one eighth of all U. S. workers—now are employed in office work," says a spokesman for the American Management Association. That's a 24% increase since 1940.

As both the percentage and number of white collar workers has risen, costs of handling paperwork have soared, too.

"Non-supervisory office clerical salaries have risen 70% since 1940, the highest of any group," says the

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In file modernization programs companies usually establish set filing limits for various pieces of paper. Ordinary letters and messages may be marked for storage of only three months in files. Sales and earnings data may be marked for the number of years required by state or Federal laws. The approximately 2% of records which fall into the "historical" class may be shunted into permanent files.

Rocks in the Files

"A program especially planned to deal with records retention and disposal is essential to cost reduction in the office," says James N. Flanagan, general offices manager, Monsanto Chemical Co. When Monsanto analyzed its records, it found that it had 82.9 million pieces of paper in office file cabinets alone plus an equal amount in dead storage.

Included in material located in files were some rocks labeled: "Rocks thrown through windows during strike of 1857."

The company set up retention schedules on all its paper work, junking unnecessary records. Savings in space, and released filing cabinets alone are estimated at \$157,000 to 1956.

Filing, of course, is only one phase of paper work. Companies find that, by streamlining records, they can cut the paper work flow before it ever reaches filing cabinets.

Oneida Knitting Mills of Utica, N. Y., recently combined eight different office forms into two. Under the old procedure there were separate forms to acknowledge receipt of an order, requestable instructions from the customer, give specifications to the factory, provide the basis for billing, and to act as shipping tickets. All these functions were combined into one form, eliminating chances for error as information was transcribed from one to the other.

When General Electric Co.'s metallurgical products department in Detroit analyzed its office paper work recently, company officials made a startling discovery: Over 900 unauthorized forms were being used, twice the number of official company forms.

What had happened, officials learned, was that separate "bootleg" forms were being produced and used by some employees to keep track of such things as hiring, rehiring and transfers. The company eliminated bootleg forms, saving 20% on form printing costs alone.